

E-017/M-88-256ACCEPTING COMPLIANCE FILINGS, APPROVING PROJECT  
MODIFICATION, AND APPROVING NEW PROJECT

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Barbara Beerhalter	Chair
Cynthia A. Kitlinski	Commissioner
Norma McKanna	Commissioner
Robert J. O'Keefe	Commissioner
Darrel L. Peterson	Commissioner

In the Matter of the Implementation of an  
Energy Conservation Program for Otter Tail  
Power Company

ISSUE DATE: February 15, 1989

DOCKET NO. E-017/M-88-256

ORDER ACCEPTING COMPLIANCE  
FILINGS, APPROVING PROJECT  
MODIFICATION, AND APPROVING NEW  
PROJECT

PROCEDURAL HISTORY

On September 23, 1988 the Commission issued its Order Approving Conservation Improvement Program, Requiring Additional Filings, and Requiring Additional Project(s) in the above-captioned matter. Among other things, that Order required Otter Tail Power Company (Otter Tail or the Company) to develop and submit for Commission approval at least one more Conservation Improvement Program (CIP) project aimed at the commercial or industrial customer class.

The Order also required the Company to make a filing clarifying how it would determine which conservation improvements it would authorize for individual participants in the House Therapy project and what energy efficiency standards it would employ in replacing water heaters under that project. The Company was also required to file interim status reports and evaluations for all approved projects. Finally, the Order required the Company to file an analysis of the results of its ongoing end use surveys, together with a plan for integrating the information obtained from them into future conservation programs and supply/demand planning processes.

The Company subsequently made the required filings.

The Department of Public Service (the Department) examined the filings, including the new project proposal, and recommended acceptance and approval. The Department also recommended that the Commission require the Company to consider making specified modifications to its proposed new project.

The matter came before the Commission on February 8, 1989.

## FINDINGS AND CONCLUSIONS

### New Project Filing

The Company proposed to include in its Conservation Improvement Program a new project called the Commercial Lighting Rebate Project. In this project the Company would provide cash rebates to commercial customers who installed energy efficient fluorescent lamps and ballasts in new construction or who upgraded existing fluorescent lighting systems by installing high efficiency fluorescent lamps and ballasts. The goal of the project is to encourage commercial customers, who use large amounts of energy for lighting, to convert to high efficiency equipment.

The Company proposed a budget of \$75,000 and projected a resulting demand reduction of 740 kW, with annual energy savings of 2.9 million kWh.

The Commission finds that this project has substantial conservation potential and should be approved. The project will not only achieve immediate energy savings, but should result in permanent energy savings by encouraging project participants to use energy efficient lighting as a matter of course. It should also have ancillary benefits, such as increasing conservation awareness among commercial customers and providing additional data about conservation in lighting contexts.

The Commission shares three concerns expressed by the Department regarding this project: (1) The project does not benefit customers converting from incandescent to fluorescent lighting; (2) The practice of providing rebates for 150% of participants' requirement of lamps decreases the project's cost effectiveness, perhaps unnecessarily; (3) Methods of promoting energy efficient lighting among non-participating commercial customers should be actively explored. Also, the Commission is concerned about the unusually high administrative expenses associated with the project.

These concerns, however, are not serious enough to warrant a delay in implementation of the project, and can perhaps be met by further explanation on the part of the Company. The Commission will therefore authorize the Company to begin the project as filed, and will require the Company to address these concerns in its first status report on the project.

### Proposed Modification of Residential Conservation Service Project

The Company proposed in its January 23 filing that it stop charging a \$10 fee for the energy audits provided by its Residential Conservation Service Project. The Company stated that collecting the fee has involved more administrative difficulty than the revenues involved justify. The Company also pointed out that another of its projects, the Community Energy Councils Project, provides nearly identical services free of charge. This results in confusion and customer relations problems.

The Commission agrees with the Company that these disadvantages are not outweighed by the benefits of the \$10 fee and will approve the Company's proposal to stop charging it.

### Other Compliance Items

The Company also filed detailed information on the operation of its House Therapy Project, interim status reports and evaluations for completed and current CIP projects, the results of end use surveys which were underway at the time of the September 23 Order, and a plan to incorporate the survey results into the Company's future conservation efforts and supply-demand planning processes. These filings generally complied with the requirements of the September 23 Order and will be accepted and approved. A few matters require further filings.

Status Reports -- The status reports on ongoing projects were not sufficiently detailed for the current CIP year to provide a clear picture of how the projects are operating. For this reason the Commission will not waive the filing of May 1 status reports, even if the Company should seek and obtain an extension for the filing of its 1989-90 CIP proposal.

Such status reports should include at least the following information for each project: number of actual participants compared to the number of projected participants, identification of any barriers to participation and strategies for eliminating them, number of participants who are low income persons, number of participants who are renters, expenditures to date compared to approved total budget, and a complete discussion of any unforeseen difficulties encountered in administering the project.

Final Evaluations of Major Projects -- The Commission agrees with the Department that the final evaluations the Company submitted on the Commercial and Industrial Audit/Consultation and the Walk-Through Audit/Individualized Energy Consultation would have been more helpful if the Company had used weather-normalized data in preparing its report. The Commission will require the Company to use weather-normalized data in final evaluations of major projects in the future, unless the end use at issue is not weather-sensitive.

### ORDER

1. The Commercial Lighting Rebate Project is approved for inclusion in the Company's 1988-89 Conservation Improvement Program at a total project budget of \$75,000.
2. The Company's proposal to discontinue charging a \$10 fee to participants in the Residential Conservation Service Project is approved.
3. In its next status report on the Commercial Lighting Rebate Project the Company shall include an analysis of the feasibility and advisability of the project modifications tentatively suggested by the Department: (1) inclusion of customers converting to fluorescent lighting from incandescent lighting; (2) reducing the number of lamps per participant on which rebates will be paid; (3) expanding the project to other commercial customers.
4. In its next status report on the Commercial Lighting Rebate Project the Company shall include an itemization of the project's administrative expenses, together with a discussion of possible means of reducing them.
5. In the future, the Company shall use weather-normalized data in preparing final evaluations of major projects, unless the end use at issue is not weather-sensitive.
6. On or before May 1, 1989 the Company shall file status reports meeting the requirements set forth in this Order for all projects approved for the current CIP year.
7. The Company's compliance filings of December 1, 1988 and January 23, 1989 are accepted and approved.
8. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Mary Ellen Hennen  
Executive Secretary

(S E A L)